

**REPORT OF THE AUDIT OF THE
CASEY COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2002**



**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE CASEY COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2002**

The Auditor of Public Accounts has completed the Casey County Fiscal Court audit for fiscal year ended June 30, 2002. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Fund balances increased by \$1,273,413 from the beginning of the year, resulting in a cash surplus of \$6,814,397 as of June 30, 2002.

Debt Obligations:

Total bonded debt principal on the new Casey County Justice Center as of June 30, 2002, was \$6,735,000. Future collections of \$9,651,620 are needed over the next 21 years to pay all bonded debt principal and interest. Pursuant to a lease agreement between the Casey County Public Properties Corporation, Casey County, and the state Administrative Office of the Courts (AOC), AOC is to pay an agreed rental amount through use allowances, which is anticipated to be adequate to pay 100% of the net debt service on the bonds.

Capital lease principal agreements totaled \$4,890,000 as of June 30, 2002. Future principal and interest payments of \$8,082,721 are needed to meet these obligations.

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Ronald D. Wright, Casey County Judge/Executive

Members of the Casey County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and equity arising from cash transactions of Casey County, Kentucky, as of June 30, 2002, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Casey County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Casey County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising primarily from cash transactions as of June 30, 2002 of Casey County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting.



To the People of Kentucky
Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Ronald D. Wright, Casey County Judge/Executive
Members of the Casey County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated September 12, 2003 on our consideration of Casey County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Casey County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
September 12, 2003

CASEY COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2002

Fiscal Court Members:

Ronald D. Wright	County Judge/Executive
Jeffrey Thomas	Magistrate
Gary Johnson	Magistrate
Herber "Creech" Carman	Magistrate
Tony Buis	Magistrate

Other Elected Officials:

Thomas M. Weddle	County Attorney
Thomas Miller	Jailer
Eva S. Miller	County Clerk
Craig Overstreet	Circuit Court Clerk
Robert M. Weddle	Sheriff
Johnnie Beard, Jr.	Property Valuation Administrator
Thomas Clark	Coroner

Appointed Personnel:

Tony M. Price	County Treasurer
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STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS

CASEY COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS

June 30, 2002

	<u>Governmental Fund Type</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<u>Assets and Other Resources</u>			
<u>Assets</u>			
Cash and Cash Equivalents	\$ 701,147	\$ 8,803	\$ 6,116,441
Total Assets	<u>\$ 701,147</u>	<u>\$ 8,803</u>	<u>\$ 6,116,441</u>
<u>Other Resources</u>			
Amounts to Be Provided in Future Years for:			
Kentucky Area Development District Financing Trust Lease Agreement	\$	\$	\$ 4,890,000
Administrative Office of the Courts and Fiscal Court for First Mortgage Revenue Bonds - Series 2002			6,330,713
Total Other Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,220,713</u>
Total Assets and Other Resources	<u><u>\$ 701,147</u></u>	<u><u>\$ 8,803</u></u>	<u><u>\$ 17,337,154</u></u>

The accompanying notes are an integral part of the financial statements.

CASEY COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS
June 30, 2002
(Continued)

Enterprise Fund Type	Totals (Memorandum Only)
<u>Jail Canteen</u>	
\$ 1,347	\$ 6,827,738
\$ 1,347	\$ 6,827,738
\$	\$ 4,890,000
	6,330,713
\$ 0	\$ 11,220,713
\$ 1,347	\$ 18,048,451

The accompanying notes are an integral part of the financial statements.

CASEY COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS
June 30, 2002
(Continued)

	Governmental Fund Type		
	General	Special Revenue	Capital Projects
<u>Liabilities and Equity</u>			
<u>Liabilities</u>			
Kentucky Area Development District			
Financing Trust Lease Agreement (Note 5)	\$	\$	\$ 4,890,000
First Mortgage Revenue Bonds -			
Series 2002			6,735,000
Bonds Not Matured (Note 4)			
Payroll Liabilities	11,994		
Total Liabilities	\$ 11,994	\$ 0	\$ 11,625,000
<u>Equity</u>			
Fund Balances:			
Reserved	\$	\$ 8,803	\$ 5,712,154
Unreserved	689,153		
Total Equity	\$ 689,153	\$ 8,803	\$ 5,712,154
Total Liabilities and Equity	\$ 701,147	\$ 8,803	\$ 17,337,154

The accompanying notes are an integral part of the financial statements.

CASEY COUNTY
 STATEMENT OF ASSETS, LIABILITIES,
 AND EQUITY ARISING FROM CASH TRANSACTIONS
 June 30, 2002
 (Continued)

<u>Enterprise Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Jail Canteen</u>	
\$	\$ 4,890,000
	6,735,000
	11,994
<u>\$ 0</u>	<u>\$ 11,636,994</u>
\$ 1,347	\$ 5,722,304
	689,153
<u>\$ 1,347</u>	<u>\$ 6,411,457</u>
<u>\$ 1,347</u>	<u>\$ 18,048,451</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

CASEY COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

For The Fiscal Year Ended June 30, 2002

	General Fund Type			
	General Fund	Road and Bridge Fund	Jail Fund	Local Government Economic Assistance Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 1,009,372	\$ 1,320,981	\$ 100,756	\$ 13,928
Other Financing Sources:				
Transfers In	69,766		261,000	
Bond Proceeds				
Kentucky Advance Revenue Program				
Principal	640,200	138,800		
Interest	12,908	2,798		
Total Cash Receipts	\$ 1,732,246	\$ 1,462,579	\$ 361,756	\$ 13,928
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 845,066	\$ 1,249,945	\$ 363,517	\$ 5,000
Other Financing Uses:				
Schedule of Public Properties				
Corporation Expenditures				
Schedule of KADD Financing Trust/ Casey County Jail Construction Account Expenditures				
Transfers Out	403,080	65,000		
Bond Anticipation Notes:				
Principal				
Interest Paid				
Bonds:				
Discount				
Kentucky Advance Revenue Program				
Principal Paid	640,200	138,800		
Interest Paid	8,530	1,850		
Total Cash Disbursements	\$ 1,896,876	\$ 1,455,595	\$ 363,517	\$ 5,000
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (164,630)	\$ 6,984	\$ (1,761)	\$ 8,928
Cash Balance - July 1, 2001	328,164	6,706	4,318	27,176
Cash Balance - June 30, 2002	\$ 163,534	\$ 13,690	\$ 2,557	\$ 36,104

The accompanying notes are an integral part of the financial statements.

CASEY COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES
For The Fiscal Year Ended June 30, 2002
(Continued)

<u>General Fund Type</u>		<u>Special Revenue Fund Type</u>	
Juvenile Justice Center Fund	Special Fund	911 Fund	
\$ 6,494	\$ 331	\$ 152,037	
	75,000	67,080	
<u>\$ 6,494</u>	<u>\$ 75,331</u>	<u>\$ 219,117</u>	
\$	\$	\$ 237,452	
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 237,452</u>	
\$ 6,494	\$ 75,331	\$ (18,335)	
<u>391,443</u>		<u>27,138</u>	
<u>\$ 397,937</u>	<u>\$ 75,331</u>	<u>\$ 8,803</u>	

The accompanying notes are an integral part of the financial statements.

CASEY COUNTY
 STATEMENT OF CASH RECEIPTS,
 CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 For The Fiscal Year Ended June 30, 2002
 (Continued)

	Capital Projects Fund Type			
	Public Properties Corporation		KADD Financing Trust/ Casey County Jail Construction Account	Totals (Memorandum Only)
	Bond Anticipation Notes Series 2001, Fund	First Mortgage Revenue Bonds, Series 2002, Fund		
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 2,578	\$ 39,335	\$ 129,359	\$ 2,775,171
Other Financing Sources:				
Transfers In	1,021,195			1,494,041
Bond Proceeds		6,735,000		6,735,000
Kentucky Advance Revenue Program				
Principal				779,000
Interest				15,706
Total Cash Receipts	<u>\$ 1,023,773</u>	<u>\$ 6,774,335</u>	<u>\$ 129,359</u>	<u>\$ 11,798,918</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$	\$	\$	\$ 2,700,980
Other Financing Uses:				
Schedule of Public Properties Corporation Expenditures	165,426	830,975		996,401
Schedule of KADD Financing Trust/ Casey County Jail Construction Account Expenditures			3,417,430	3,417,430
Transfers Out	4,766	1,021,195		1,494,041
Bond Anticipation Notes:				
Principal	1,000,000			1,000,000
Interest Paid	46,111			46,111
Bonds:				
Discount		81,162		81,162
Kentucky Advance Revenue Program				
Principal Paid				779,000
Interest Paid				10,380
Total Cash Disbursements	<u>\$ 1,216,303</u>	<u>\$ 1,933,332</u>	<u>\$ 3,417,430</u>	<u>\$ 10,525,505</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (192,530)	\$ 4,841,003	\$ (3,288,071)	\$ 1,273,413
Cash Balance - July 1, 2001	<u>192,530</u>		<u>4,563,509</u>	<u>5,540,984</u>
Cash Balance - June 30, 2002	<u>\$ 0</u>	<u>\$ 4,841,003</u>	<u>\$ 1,275,438</u>	<u>\$ 6,814,397</u>

The accompanying notes are an integral part of the financial statements.

CASEY COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2002

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Casey County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Casey County Public Properties Corporation, which includes Bond Anticipation Notes, Series 2001, Fund and the First Mortgage Revenue Bonds, Series 2002, Fund, and Kentucky Area Development District (KADD) Financing Trust/Casey County Jail Construction Account as part of the reporting entity.

The Public Properties Corporation (the Corporation) is a legally separate entity established to provide funds to finance the construction of a Justice Center and to service long-term debt for the Fiscal Court. The Corporation's governing body consists entirely of Fiscal Court members. Therefore, management must include the Corporation as part of the reporting entity, and the Corporation's financial activity is blended with that of the Fiscal Court.

The KADD Financing Trust/Casey County Jail Construction Account is established for the Fiscal Court for the purpose of providing long-term financing for an approved project. A third party trustee maintains the Jail Construction Account on the Fiscal Court's behalf; therefore, management must include the Jail Construction Account as a part of the reporting entity and their financial activity is blended with that of the Fiscal Court.

Additional - Casey County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Casey County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

CASEY COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Casey County Fiscal Court's fund types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Casey County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, Juvenile Justice Center Fund, and the Special Fund.

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The 911 Fund of the Fiscal Court is reported as a Special Revenue Fund Type.

3) Capital Projects Fund Type

Capital Projects Fund Type accounts for financial resources to be used for acquisition of major capital facilities. The Bond Anticipation Notes, Series 2001, Fund and the First Mortgage Revenue Bonds, Series 2002, Fund of the Casey County Public Properties Corporation and the KADD Financing Trust/Casey County Jail Construction Account of the Fiscal Court are reported as Capital Projects Fund Types.

4) Enterprise Fund Type

The Enterprise Fund Type is used to report an activity for which a fee is charged to external users for goods or services. The Casey County Enterprise Fund Type includes the Jail Canteen Fund, which is maintained by the county jailer. During fiscal year ended June 30, 2002, there was no activity in the Casey County Jail Canteen Fund as the Casey County Jail had been closed since May 1997. On June 30, 2001, and June 30, 2002, the Casey County Jail Canteen Fund had an ending balance of \$1,347.

CASEY COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Long-term receivables, long-term obligations and amounts to be provided in future years to retire debt are recorded in the financial statements. The amount to be provided in future years to retire debt is offset by any cash or cash equivalents held by the county in a bond or debt service fund.

The State Local Finance Officer does not require the county to maintain a general fixed assets group of accounts; therefore the value of the county's fixed assets are not included in the financial statements. These fixed assets include buildings, equipment and land that are owned by the county.

D. Legal Compliance - Budget

The Casey County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Casey County Public Properties Corporation and the KADD Financing Trust/Casey County Jail Construction Account. The Department for Local Government does not require these funds to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

CASEY COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the East Casey County Water District is considered a related organization of Casey County Fiscal Court.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2002, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

CASEY COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 4. Long-term Debt

Bonds outstanding of the Casey County Public Properties Corporation are:

Fiscal Year Ending June 30	Principal Payment	Scheduled Interest and Trustee Fees	Total Payment	Less AOC Rental Amount*	Net Amount Due From County
2003	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2004	235,000	147,447	382,447	(382,447)	0
2005	240,000	271,323	511,323	(511,323)	0
2006	240,000	264,963	504,963	(504,963)	0
2007	245,000	257,624	502,624	(502,624)	0
2008-2012	1,385,000	1,144,104	2,529,104	(2,529,104)	0
2013-2017	1,715,000	829,697	2,544,697	(2,544,697)	0
2018-2022	2,175,000	392,874	2,567,874	(2,567,874)	0
2023	500,000	12,875	512,875	(512,875)	0
Totals	<u>\$ 6,735,000</u>	<u>\$ 3,320,907</u>	<u>\$ 10,055,907</u>	<u>\$(10,055,907)</u>	<u>\$ 0</u>

* The Casey County Public Properties Corporation, Casey County, and the Administrative Office of the Courts (AOC) entered into a lease agreement, dated March 1, 2001, and a lease addendum dated February 1, 2002, wherein the AOC shall lease from the Corporation the new justice center at an agreed rental which is anticipated to be adequate to pay 100% of the net debt service.

CASEY COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 5. Capital Lease Agreement

On March 29, 2001, the Casey County Fiscal Court entered into a 22-year leasing agreement with the KADD Financing Trust for construction costs of a new detention facility. Principal payments are due annually by November 20. Principal and interest requirements over the remaining life of the lease are:

<u>Fiscal Year Ended June 30</u>	<u>Scheduled Interest and Program Fees</u>	<u>Scheduled Principal</u>
2003	\$ 242,343	\$
2004	239,142	160,000
2005	232,642	165,000
2006	225,858	170,000
2007	218,697	175,000
2008-2012	969,494	1,015,000
2013-2017	707,950	1,255,000
2018-2022	346,698	1,580,000
2023	9,897	370,000
Totals	<u>\$ 3,192,721</u>	<u>\$ 4,890,000</u>

Note 6. Related Party Transactions

Based on the County Treasurer's Annual Settlement for fiscal year ended June 30, 2002, the fiscal court paid a total of \$12,913 to Wright's Implement for various road maintenance supplies. Wright's Implement is owned by the County Judge/Executive's sister and sister-in-law. The county's code of ethics states "no county officer, county employee, or immediate family member of the officer or employee, shall have an interest in a business, or engage in any business, transaction, or activity, which is in substantial conflict with the proper discharge of the public duties of the officer or employee." It further defines "immediate family member" as spouse, child, or person claimed as dependent for tax purposes; therefore, the County Judge/Executive is not in violation of the county's code of ethics. Furthermore, the County Judge/Executive removed himself from fiscal court meetings that involved Wright's Implement transactions. On February 21, 2000, the Casey County Board of Ethics confirmed there was no violation of the code.

Note 7. Contingent Liability

On June 25, 2002, the Casey County Fiscal Court entered into a 4-year equipment lease/purchase agreement with Farmer's Bank and Capital Trust Co. for the purchase of a new ambulance for the Casey County Ambulance Service. The original amount of the lease was \$41,889. The Casey County Ambulance Service will make the 48 monthly payments of \$960, beginning in August 2002.

CASEY COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 8. Insurance

For the fiscal year ended June 30, 2002, Casey County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

CASEY COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 1,175,725	\$ 1,009,372	\$ (166,353)
Road and Bridge Fund	1,205,573	1,320,981	115,408
Jail Fund	56,204	100,756	44,552
Local Government Economic Assistance Fund	9,500	13,928	4,428
Juvenile Justice Center Fund	5,500	6,494	994
<u>Special Revenue Fund Type</u>			
911 Fund	<u>170,395</u>	<u>152,037</u>	<u>(18,358)</u>
Totals	<u>\$ 2,622,897</u>	<u>\$ 2,603,568</u>	<u>\$ (19,329)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 2,622,897
Add: Budgeted Prior Year Surplus			879,123
Add: Other Financing Sources			<u>490,798</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 3,992,818</u>

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SCHEDULE OF OPERATING REVENUE

CASEY COUNTY
SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

Revenue Categories	GOVERNMENTAL FUND TYPE			
	Totals (Memorandum Only)	General Fund Type	Special Revenue Fund Type	Capital Projects Fund Type
Taxes	\$ 893,474	\$ 764,029	\$ 129,445	\$
Excess Fees	65,203	65,203		
Licenses and Permits	20,349	20,349		
Intergovernmental Revenues	1,514,881	1,504,881	10,000	
Charges for Services	2,522	2,522		
Miscellaneous Revenues	88,186	75,891	12,295	
Interest Earned	190,556	18,987	297	171,272
Total Operating Revenue	<u>\$ 2,775,171</u>	<u>\$ 2,451,862</u>	<u>\$ 152,037</u>	<u>\$ 171,272</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

CASEY COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2002

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 501,380	\$ 366,097	\$ 135,283
Protection to Persons and Property	1,070,489	437,244	633,245
General Health and Sanitation	266,511	180,567	85,944
Social Services	111,200	4,388	106,812
Roads	1,286,168	1,202,612	83,556
Debt Service	10,250		10,250
Capital Projects	4,766	4,766	
Administration	492,659	267,854	224,805
Total Operating Budget - General Fund Type	\$ 3,743,423	\$ 2,463,528	\$ 1,279,895
Other Financing Uses:			
Borrowed Money-			
Kentucky Advanced Revenue Program - Principal	436,233		436,233
TOTAL BUDGET - GENERAL FUND TYPE	<u>\$ 4,179,656</u>	<u>\$ 2,463,528</u>	<u>\$ 1,716,128</u>

CASEY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 For The Fiscal Year Ended June 30, 2002
 (Continued)

<u>Expenditure Categories</u>	<u>SPECIAL REVENUE FUND TYPE</u>		
	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
Protection to Persons and Property	\$ 235,985	\$ 225,498	\$ 10,487
Administration	<u>13,410</u>	<u>11,954</u>	<u>1,456</u>
 TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	 \$ 249,395	 \$ 237,452	 \$ 11,943

SCHEDULE OF PUBLIC PROPERTIES CORPORATION EXPENDITURES

CASEY COUNTY
SCHEDULE OF PUBLIC PROPERTIES CORPORATION EXPENDITURES

For The Fiscal Year Ended June 30, 2002

<u>Expenditure Items</u>	<u>Bond Anticipation Notes, Series 2001, Fund</u>	<u>First Mortgage Revenue Bonds, Series 2002, Fund</u>
Construction Expenses	\$ 165,426	\$ 545,744
Rating Fee		10,900
Trustee Fee		2,000
Paralegal Services		1,000
Bond Counsel Fee		24,000
Financial Advisory Fee		49,350
Underwriter's Discount		49,160
Engineering Services		1,069
Architectural Services		147,752
	<hr/>	<hr/>
Totals	<u>\$ 165,426</u>	<u>\$ 830,975</u>

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SCHEDULE OF KADD FINANCING TRUST/CASEY COUNTY
JAIL CONSTRUCTION ACCOUNT EXPENDITURES

CASEY COUNTY
SCHEDULE OF KADD FINANCING TRUST/CASEY COUNTY
JAIL CONSTRUCTION ACCOUNT EXPENDITURES

For The Fiscal Year Ended June 30, 2002

Expenditure Items

Architectural Services	\$ 155,618
KADD Financing Trust - Interest	242,351
Construction Expenses	<u>3,019,461</u>
Total	<u><u>\$ 3,417,430</u></u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Ronald D. Wright, Casey County Judge/Executive
Members of the Casey County Fiscal Court

**Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of Casey County, Kentucky, as of and for the year ended June 30, 2002, and have issued our report thereon dated September 12, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Casey County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Casey County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
September 12, 2003

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAMS

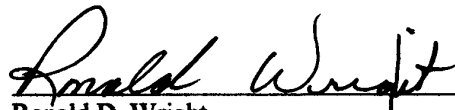
CASEY COUNTY FISCAL COURT

For The Fiscal Year Ended
June 30, 2002

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAMS
CASEY COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2002

The Casey County Fiscal Court hereby certifies that assistance received from the Local Government Economic Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Ronald D. Wright
County Judge/Executive



Tony M. Price
County Treasurer

